

**INDONESIA'S SOUTH CHINA SEA POLICY
AND RELATIONS WITH CHINA**

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Executive Summary

1. Indonesia has long maintained a position that it has only overlapping claims in the Natuna Islands with China. Jakarta has not viewed it from the lens of territoriality to avoid direct confrontations with China.
2. However, in the beginning of 2015, the new administration has adopted tougher stances and policy measures in defending its sovereignty interest, including the maritime scenario.
3. A “sink the vessel” policy is employed to deal with growing illegal fishing in Indonesian waters, a policy which is believed to be extended to larger countries like China.
4. China’s seemingly assertive attitude in stepping up its South China Sea measures, and its drag on clarifying its nine-dash line claim have greatly unnerved Indonesia.
5. Indonesia is likely to maintain its original position in the South China Sea issue out of economic concerns. Cordial relations with China benefits Indonesia economically and also politically.
6. While Jakarta’s official position remains unchanged, there are signs that changes in the Indonesian navy’s strategic thinking are currently underway.
7. Jakarta’s concerns over closer economic relations with China are largely shared in the region. China has put significant efforts into promoting mutually beneficial economic cooperation initiatives so as to make its integration with the region more acceptable and welcomed.
8. Indonesia has played a critical role in China’s efforts in bringing ASEAN closer economically. Yet, strategic trust deficit looms large in Jakarta’s South China Sea stance.

9. Indonesia has long regarded itself as a mediator in the South China Sea issue. It may need to re-orientate its South China Sea policy as pressures are developing for breakthroughs in recent tensions.
10. Indonesia also needs to address pressing issues in its maritime governance, such as allowing non-resource-related foreign activities in its EEZs that have greatly constrained its local and coastal management.
11. Adjustments to Jakarta's archipelagic outlook are required to prepare the country for the rapidly changing maritime strategic environment.
12. The change of administration in its domestic scenario has also generated concerns. The newly elected president from a humble birth and without military affiliation may change Indonesia's outlook on the South China Sea issue.
13. A shift to addressing domestic preference, a more nationalistic stance and tougher measures may not help deliver Jakarta's assurance of its continuing commitment to being a neutral broker in the South China Sea dispute.